

103^D CONGRESS
1ST SESSION

H. R. 1003

To amend title I of the Housing and Community Development Act of 1974
to establish an economic development block grant program.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 18, 1993

Mr. SHAYS (for himself and Mr. MFUME) introduced the following bill; which
was referred to the Committee on Banking, Finance and Urban Affairs

A BILL

To amend title I of the Housing and Community Development Act of 1974 to establish an economic development block grant program.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Targeted Economic
5 Development Block Grant Program Act of 1993”.

6 **SEC. 2. ESTABLISHMENT OF TARGETED ECONOMIC DEVEL-**
7 **OPMENT BLOCK GRANT PROGRAM.**

8 Title I of the Housing and Community Development
9 Act of 1974 (42 U.S.C. 5301 et seq.) is amended by add-
10 ing at the end the following new section:

1 **“SEC. 122. TARGETED ECONOMIC DEVELOPMENT BLOCK**
 2 **GRANT PROGRAM.**

3 “(a) ALLOCATION.—

4 “(1) IN GENERAL.—From amounts appro-
 5 priated under subsection (g), the Secretary of Hous-
 6 ing and Urban Development shall allocate to each
 7 qualified city for a fiscal year the amount deter-
 8 mined in accordance with the following formula:

$$A \left(\frac{X}{U} \right)$$

9 “(2) DETERMINATION OF ELIGIBILITY.—A city
 10 is a qualified city if such city—

11 “(A) is a metropolitan city;

12 “(B) is, for any fiscal year, eligible to re-
 13 ceive an allocation of funds under section
 14 106(a)(3); and

15 “(C) has a need adjusted per capita in-
 16 come factor (as determined under paragraph
 17 (7)) is equal to or less than 0.55.

18 “(3) DETERMINATION OF TERM ‘A’.—For pur-
 19 poses of paragraph (1), the term ‘A’ means the
 20 amount appropriated under subsection (g) for the
 21 fiscal year involved.

22 “(4) DETERMINATION OF TERM ‘U’.—For pur-
 23 poses of paragraph (1), the term ‘U’ means the sum

1 of the respective terms ‘X’ determined for the cities
2 under paragraph (5).

3 “(5) DETERMINATION OF TERM ‘X’.—For pur-
4 poses of paragraph (1), the term ‘X’ means the
5 product of—

6 “(A) the total population of the city in-
7 volved, as determined by the Secretary using
8 the most recent data that is available from the
9 Secretary of Commerce pursuant to the decen-
10 nial census and pursuant to reasonable esti-
11 mates by such Secretary of changes occurring
12 in the data in the ensuing period;

13 “(B) the need index of such city, as deter-
14 mined under paragraph (6); and

15 “(C) the need adjusted per capita income
16 factor of such city, as determined under para-
17 graph (7).

18 “(6) DETERMINATION OF NEED INDEX.—

19 “(A) For purposes of paragraph (5)(B),
20 the term ‘need index’ means the number equal
21 to the quotient of—

22 “(i) the term ‘N’, as determined
23 under subparagraph (B); divided by

24 “(ii) the term ‘P’, as determined
25 under subparagraph (C).

1 “(B) For purposes of subparagraph (A)(i),
2 the term ‘N’ means the percentage constituted
3 by the ratio of—

4 “(i) the amount of funds allocated to
5 the city in the current fiscal year under
6 section 106(a)(3); to

7 “(ii) the sum of the amount of funds
8 received by all eligible cities in the current
9 fiscal year under section 106(a)(3).

10 “(C) For purposes of subparagraph (A)(ii),
11 the term ‘P’ means the percentage constituted
12 by the ratio of—

13 “(i) the amount equal to the total
14 population of the city, as determined by
15 the Secretary using the most recent data
16 that is available from the Secretary of
17 Commerce pursuant to the decennial cen-
18 sus and pursuant to reasonable estimates
19 by such Secretary of changes occurring in
20 the data in the ensuing period; to

21 “(ii) the amount equal to the total
22 population of all eligible cities in the cur-
23 rent fiscal year.

24 “(D) For purposes of this paragraph, the
25 term ‘eligible cities’ means those cities which

1 meet the requirements of subparagraphs (A)
 2 and (B) of paragraph (2).

3 “(7) DETERMINATION OF NEED ADJUSTED PER
 4 CAPITA INCOME FACTOR.—

5 “(A) For purposes of paragraphs (2)(C)
 6 and (5)(C) (and subject to subparagraph (D)),
 7 the term ‘need adjusted per capita income fac-
 8 tor’ means the amount equal to the percentage
 9 determined for the city in accordance with the
 10 following formula:

$$1 - .15 \left(\frac{I}{Q} \right)$$

11 “(B) For purposes of subparagraph (A),
 12 the term ‘I’ means the per capita income of the
 13 city for the most recent year for which data is
 14 available, as determined by the Secretary of
 15 Commerce.

16 “(C) For purposes of subparagraph (A),
 17 the term ‘Q’ means the product of—

18 “(i) the need index of such city, as de-
 19 termined under paragraph (6); and

20 “(ii) the amount equal to the per cap-
 21 ita income of the United States for the
 22 most recent year for which data is avail-

1 able, as determined by the Secretary of
2 Commerce.

3 “(D) In the case of a city for which the
4 quotient of the term ‘I’ (as determined under
5 subparagraph (B)) divided by the term ‘Q’ (as
6 determined under subparagraph (C)) is less
7 than 0.2, then such quotient shall be deemed to
8 be equal to 0.2 for such city for purposes of the
9 formula under subparagraph (A).

10 “(b) APPLICATION.—

11 “(1) IN GENERAL.—The Secretary may not
12 make a grant under subsection (a) in a fiscal year
13 to a city unless the city submits to the Secretary an
14 application in such form and containing such infor-
15 mation as the Secretary may require, including the
16 certifications required under paragraph (2).

17 “(2) CERTIFICATIONS.—Each application shall
18 include certifications by the chief executive official of
19 the city and the Governor of the State in which the
20 city is located that—

21 “(A) the city will use amounts from a
22 grant received under subsection (a) only for the
23 purpose of carrying out the eligible activities
24 under subsection (e) and will not use amounts

1 from such grant for any of the prohibited ac-
2 tivities under subsection (f);

3 “(B) the city will provide matching
4 amounts in accordance with the formula in sub-
5 section (c) for the purpose of carrying out such
6 eligible activities;

7 “(C) the State in which the city is located
8 will provide matching amounts to the city in ac-
9 cordance with the formula in subsection (d) for
10 the purpose of carrying out such eligible activi-
11 ties;

12 “(D) the city will maintain all amounts re-
13 ceived from a grant under subsection (a) and
14 all matching amounts described in subpara-
15 graphs (B) and (C) in an account separate
16 from the account in which the general funds of
17 the city are maintained;

18 “(E) both the city and the State will main-
19 tain their aggregate expenditures from all other
20 sources for such eligible activities at or above
21 the average level of such expenditures in the 2
22 fiscal years preceding the date on which the city
23 receives amounts from a grant under subsection
24 (a);

1 “(F) the city will reserve not less than 5
2 percent of amounts received from a grant under
3 subsection (a) to enter into contracts with mi-
4 nority-owned businesses for the purpose of car-
5 rying out such eligible activities; and

6 “(G) not later than 180 days after the
7 date on which the city receives amounts from a
8 grant under subsection (a), the city will submit
9 to the Secretary a report containing a descrip-
10 tion of the use of amounts received from a
11 grant under subsection (a) and an evaluation of
12 the effectiveness of the grant program in the
13 city, including the extent to which the taxable
14 value of the local property tax base and related
15 revenue sources allocated to the city’s general
16 fund have been increased.

17 “(3) NOTIFICATION OF DISAPPROVAL.—

18 “(A) IN GENERAL.—The Secretary shall
19 provide notification to a city of a proposed dis-
20 approval of such city’s application not later
21 than 20 days after the date on which the Sec-
22 retary receives such application under para-
23 graph (1).

24 “(B) APPEAL.—A city may appeal the pro-
25 posed disapproval of an application under sub-

1 paragraph (A). Such appeal, including review
 2 by the Secretary, shall be completed not later
 3 than 45 days after the date on which the city
 4 provides notice to the Secretary of such appeal.

5 “(c) CITY MATCHING FUNDS.—

6 “(1) IN GENERAL.—Subject to paragraph (3),
 7 each city receiving amounts from a grant under sub-
 8 section (a) shall provide amounts for each dollar al-
 9 located under such subsection at a rate in accord-
 10 ance with the following formula:

$$\frac{.15 \left(\frac{I}{Q} \right)}{1 - .15 \left(\frac{I}{Q} \right)}$$

11 “(2) DETERMINATION OF TERMS ‘I’ AND ‘Q’.—
 12 For purposes of paragraph (1) (and subject to sub-
 13 section (a)(7)(D)), the quotient of the term ‘I’ di-
 14 vided by the term ‘Q’ is equal to the term ‘I’ deter-
 15 mined under subsection (a)(7)(B) divided by the
 16 term ‘Q’ determined under subsection (a)(7)(C).

17 “(3) SPECIAL RULE.—

18 “(A) In the case of a city for which the
 19 rate determined under paragraph (1) is less
 20 than 5 cents per dollar of amounts allocated
 21 under subsection (a), then such rate shall be
 22 deemed to be equal to 5 cents per dollar.

1 “(B) In the case of a city for which the
 2 rate determined under paragraph (1) is more
 3 than 25 cents per dollar of amounts allocated
 4 under subsection (a), then such rate shall be
 5 deemed to be equal to 25 cents per dollar.

6 “(d) STATE MATCHING FUNDS.—

7 “(1) IN GENERAL.—Each State in which a city
 8 receiving amounts from a grant under subsection (a)
 9 is located shall provide amounts for each dollar allo-
 10 cated under subsection (a) at a rate in accordance
 11 with the following formula:

$$\frac{.15(R)}{1 - .15(R)}$$

12 “(2) DETERMINATION OF TERM ‘R’.—For pur-
 13 poses of paragraph (1) (and subject to paragraph
 14 (5)), the term ‘R’ (referred to as the ‘State resource
 15 index’) means the number equal to the quotient of—

16 “(A) the term ‘F’, as determined under
 17 paragraph (3); divided by

18 “(B) the term ‘V’, as determined under
 19 paragraph (4).

20 “(3) DETERMINATION OF TERM ‘F’.—

21 “(A) For purposes of paragraph (2)(A),
 22 the term ‘F’ means the amount equal to the

1 amount determined in accordance with the fol-
 2 lowing formula:

$$\frac{Y}{G}$$

3 “(B) For purposes of subparagraph (A),
 4 the term ‘G’ means the sum of the respective
 5 terms ‘Y’ determined for the States under sub-
 6 paragraph (C).

7 “(C) For purposes of subparagraph (A),
 8 the term ‘Y’ means the amount equal to the
 9 quotient of—

10 “(i) an amount equal to the most re-
 11 cent 3-year average of the total taxable re-
 12 sources of the State, as determined by the
 13 Secretary of the Treasury; divided by

14 “(ii) the State cost index, as deter-
 15 mined for such State under subparagraph
 16 (D).

17 “(D) For purposes of subparagraph
 18 (C)(ii), the term ‘State cost index’ means the
 19 number equal to the number determined in ac-
 20 cordance with the following formula:

$$.5 + .5(W)$$

21 “(E) For purposes of subparagraph (D),
 22 the term ‘W’ (referred to as the ‘State wage

index') means the amount equal to the quotient
of—

“(i) an amount equal to the most recent 3-year average of the annual private industry wages per employee of the State, as determined by the Secretary of Labor; divided by

“(ii) an amount equal to the most recent 3-year average of the annual private industry wages per employee for the United States, as determined by the Secretary of Labor.

“(4) DETERMINATION OF TERM ‘V’.—For purposes of paragraph (2)(B), the term ‘V’ means the amount equal to the quotient of—

“(A) the term ‘Z’, which is equal to the total population of the State, as determined by the Secretary using the most recent data that is available from the Secretary of Commerce pursuant to the decennial census and pursuant to reasonable estimates by such Secretary of changes occurring in the data in the ensuing period; divided by

1 “(B) an amount equal to the sum of the
2 respective terms ‘Z’ determined for each of the
3 States under subparagraph (A).

4 “(5) SPECIAL RULE.—In the case of a State for
5 which the rate determined under paragraph 1 is
6 more than 25¢ per dollar of amounts allocated under
7 subsection (a), then such rate shall be deemed to be
8 equal to 25¢ per dollar.

9 “(e) ELIGIBLE ACTIVITIES.—A city shall use
10 amounts from a grant under subsection (a) only to—

11 “(1) provide financial incentives for business
12 creation, retention, and expansion in such city;

13 “(2) provide technical assistance to individuals
14 seeking to establish small businesses in such city;
15 and

16 “(3) make improvements to the infrastructure
17 of such city, including—

18 “(A) land clearing activities;

19 “(B) the establishment of access roads,
20 parking lots, and industrial parks;

21 “(C) assistance to demolish or renovate
22 abandoned buildings;

23 “(D) improvements to sewage treatment
24 plants; and

1 “(E) environmental cleanup of contami-
2 nated sites with significant potential for eco-
3 nomic development for commercial, residential,
4 industrial, or recreational purposes.

5 “(f) PROHIBITED ACTIVITIES.—A city may not use
6 amounts from a grant under subsection (a) to—

7 “(1) provide loans of any kind;

8 “(2) provide compensation to a city employee;

9 “(3) pay interest on a debt incurred by the city;

10 “(4) establish, promote, or retain a gambling
11 activity;

12 “(5) repair, maintain, or construct residential
13 housing;

14 “(6) provide transportation, meals, accommoda-
15 tions, petty cash, personal items, and entertainment
16 expenses to any individual; and

17 “(7) provide for any other activity incompatible
18 with the grant program established under this sec-
19 tion, as determined by the Secretary.

20 “(g) AUTHORIZATION OF APPROPRIATIONS.—There
21 are authorized to be appropriated \$2,500,000,000 for fis-
22 cal year 1994, \$4,000,000,000 for fiscal year 1995, and
23 \$5,000,000,000 for each of the fiscal years 1996 through
24 1998, for the purpose of making allocations to eligible
25 cities under subsection (a).”.

